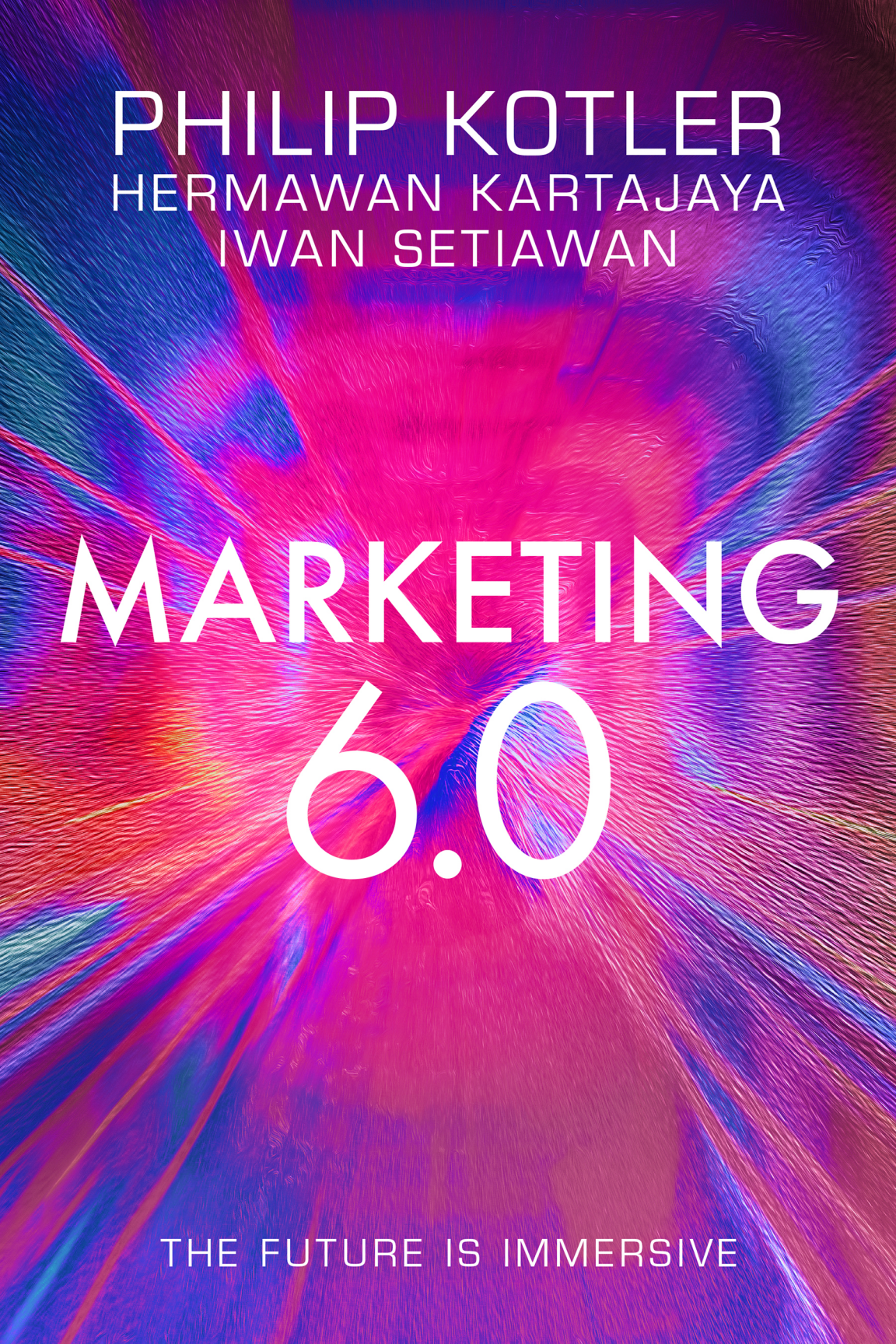




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MARKETING 6.0

THE FUTURE IS IMMERSIVE

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WILEY

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Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

Published simultaneously in Canada.

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Library of Congress Cataloging-in-Publication Data is Available:

ISBN 9781119835219 (Cloth)

ISBN 9781119835370 (ePub)

ISBN 9781119835387 (ePDF)

Cover Design: Wiley

Cover Image: © Marketeers

Author Photo: Courtesy of the Authors

Marketing's purpose always is to enhance people's lives and contribute to the common good.

—Philip Kotler

To my son, Michael, daughter, Stephanie, and grandson, Darren: I hope they will become the next-generation creators of immersive experiences.

—Hermawan Kartajaya

Dedicated to my beloved family: Louise, Jovin, and Justin.

—Iwan Setiawan

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PART I

Introduction to Marketing 6.0

CHAPTER 1

Welcoming the Era of Marketing 6.0

From Multi to Omni to Meta

The *Marketing X.0* book series explores the shifts in the business landscape and how those shifts would change how marketers approach marketing. The first installment, *Marketing 3.0: From Products to Customers to the Human Spirit*, examines how marketing has come full circle in its evolution to serve humanity. In Marketing 3.0, customers look for not only functional and emotional satisfaction but also spiritual fulfillment from the brands they choose. As the subtitle suggests, the book describes the major shifts from product-driven marketing (1.0) to customer-oriented marketing (2.0) to human-centric marketing (3.0).

Very forward-looking at the time of its publication in 2010, the book provided a blueprint for engaging modern customers seeking to do business with companies that positively impact society. Today, incorporating sustainability themes in marketing is crucial to remain relevant, particularly in light of the United Nations' Sustainable Development Goals (SDGs). By aligning their marketing with the SDGs, businesses can demonstrate their commitment to solving humanity's biggest problems.

One of the key roles of marketing is to communicate value and build trust with the customers, allowing brands to influence behaviors. Procter & Gamble, for example, is leveraging its massive share of voice to drive change through marketing. One of the world's largest advertisers, P&G advocates diversity, equity, and inclusion themes in its successful storytelling campaigns for brands such as Gillette, Always, and Pampers.

Marketing is also responsible for expanding the market and driving growth. When products and services reach underserved markets, we are one step closer to a fully inclusive society—the overarching agenda of SDGs.

A compelling example is the Next Billion Users program, where Google creates suitable technology products for first-time, inexperienced Internet users. With the ability to understand the market, develop relevant products, and drive technology adoption, Google is well equipped to achieve this objective. One such product is Google Lens, which can read words aloud to illiterate individuals in developing countries.

As technology continues to evolve, it changes how marketers interact with customers. The second book, *Marketing 4.0: Moving from Traditional to Digital*, was again ahead of its time, encouraging businesses to adapt to the increasingly digital landscape and engage the digital-savvy generations to make them loyal advocates.

Marketing 4.0 took inspiration from Industry 4.0, which epitomized the movement toward digital. Introduced as a high-level strategy of the German government in 2011, Industry 4.0—the fourth industrial revolution—outlines the development of manufacturing systems in adopting digital technologies.

Marketing 4.0 stressed the importance of experimenting with digital marketing to complement the traditional approach across the customer journey. Adopting digital strategies such as content marketing and omnichannel marketing has become imperative.

Content marketing involves creating and sharing valuable content with a target audience, primarily through social media. It is more effective than traditional advertising because the content is typically more relevant and engaging than ads. The approach is usually paired with omnichannel marketing, the process of integrating online and offline channels to create a seamless customer experience. Those two paradigms have proven to be particularly relevant and valuable for marketers navigating the unforeseeable challenges of the pandemic.

During the two years of the pandemic, two-thirds of local businesses used content marketing, increasing total spending by nearly \$20 billion—according to Meta Branded Content Project. Similarly, Square and the Atlantic reported that more than 75 percent of businesses across sectors—retail, health and fitness, restaurants, home and repair, and professional services—implemented omnichannel marketing.

While content marketing and omnichannel approach have today become essential staples of digital strategy, recent technological advances are taking us to the next level. The cornerstone technology discussed in *Marketing 5.0: Technology for Humanity* is artificial intelligence (AI), which aims to replicate human capability in solving problems and making decisions.

Marketing 5.0 took inspiration from Society 5.0, which introduces the theme of leveraging technology for humanity. Society 5.0 was introduced by the Japanese government in 2016 as a natural progression from Industry 4.0. It

envisioned a society that leverages advanced technology, such as AI, for the good of humanity.

During over 60 years of its history, AI has created polarizing opinions. Businesspeople have been wary of the threat of AI, from the loss of jobs to the extinction of humanity. Yet, despite fears and anxieties brought forth by AI, the benefits for humanity are apparent. With its capacity to analyze large volumes of data, predict future outcomes, and deliver personalized experiences at scale, AI is rapidly changing how companies run their businesses.

A case in point is PepsiCo, which collects insights on potential flavors and new product categories based on digital data—social media posts and online recipe commentaries—and analyzes them with AI. Products created with AI insights include Off The Eaten Path snacks and Propel sports drinks. At PepsiCo, AI rapidly shifted from experimental to applied technology for product development.

AI, too, has advanced significantly since the *Marketing 5.0* publication. Achieving artificial general intelligence (AGI), which has humanlike cognitive capabilities, is still a complex and challenging goal, but many are working to advance the field. AI today is far more interactive and mainstream. OpenAI's ChatGPT represents a promising step forward for AI. ChatGPT, as a highly intelligent and interactive language model, can facilitate communication between humans and machines, enabling more effective collaboration.

The developments of AI have enabled a group of other technologies to advance, changing the business landscape once more and thus driving the next evolution of marketing.

The Rise of Immersive Marketing 6.0

There has been a notable shift in technological advancements in recent years toward creating more immersive interactions between customers and brands. This shift can be attributed to the rise of the digital native generations, namely Generation Z and Generation Alpha, who were born into a world where the Internet was already prevalent. These younger cohorts have a strong affinity for immersive experiences that blend physical and digital elements. We will delve deeper into the characteristics and preferences of these two cohorts in Chapter 2.

The emergence of these generations will bring about significant changes to the digital landscape, transforming various aspects of the digital space. One notable transformation is the increasing interactivity and immersion within the digital realm. A prime example of this is the prevalence of short-form videos on social media that captivate audiences, leading to endless scrolling and an immersive viewing experience. Moreover, e-commerce has become more engaging, featuring innovative models that facilitate conversations between buyers and sellers through chats and livestreams. Chapter 3 will delve into these emerging trends and their impact on the digital space.

These trends inspire businesses to provide increasingly immersive customer experiences that blur the lines between physical and digital touchpoints. By combining the advantages of offline interactions, such as multisensory experiences and human-to-human engagement, with the benefits of online experiences, which include personalized interactions

on a larger scale, companies can create truly immersive customer journeys. We believe that post-pandemic, a significant portion of customer experiences will continue to occur in physical spaces. However, there is a growing trend of augmenting these physical interactions with digital technologies to cater to the needs of the digital native generations. We discuss this theme in greater detail in Chapter 4.

Two prominent technologies that facilitate the augmentation of physical spaces with digital elements are augmented reality (AR) and virtual reality (VR). While both technologies blend the physical and digital realms, their approach differs. AR incorporates digital elements into the real world, enhancing the physical environment with digital overlays. This allows users to experience the physical surroundings while interacting with digital content. On the other hand, VR creates entirely virtual environments, completely immersing users in a digital world detached from their physical surroundings.

AR finds widespread application in games such as Pokémon Go, where players can find and capture virtual monsters that seem to inhabit real-world locations when viewed through mobile phone screens. Businesses have also embraced AR extensively. For example, IKEA offers customers the ability to virtually place furniture in their homes using its mobile app before making a purchase. Similarly, L'Oréal utilizes AR technology to provide virtual makeup try-on experiences, generating digital images that make it appear as if customers are wearing makeup.

On the other hand, VR takes immersion to the next level. Customers can fully immerse themselves in virtual

environments that closely simulate real-world experiences. Companies including Volvo and BMW utilize VR for virtual test drives, while *The New York Times* employs VR to deliver stories with rich multimedia content. Both AR and VR fall under the broader concept of extended reality (XR), which enables users to consume digital experiences within physical spaces.

Conversely, some technologies enable users to feel like they are experiencing real-world sensations in a digital environment. This concept is called the metaverse, representing the other side of the immersive experience. In simple terms, a metaverse means a virtual world closely resembling the physical world.

The early forms of metaverses originated from the gaming industry, with popular virtual-world games such as Roblox, Fortnite, Minecraft, Decentraland, and The Sandbox. These virtual environments even offer non-gaming experiences, such as hosting musical concerts for artists including Marshmello, Travis Scott, and Ariana Grande within Fortnite. However, the concept of a metaverse is not limited to gaming and entertainment, as it has the potential to be the immersive version of social media for younger generations.

Both XR and the metaverse eliminate the boundaries between the physical and digital realms, resulting in a highly immersive experience. We called this “metamarketing,” the cornerstone of Marketing 6.0. The prefix “meta” is derived from Greek and means “beyond” or “transcending.” Therefore, metamarketing is defined as a marketing approach

LATEST EVOLUTIONS ARE DRIVEN BY TECH

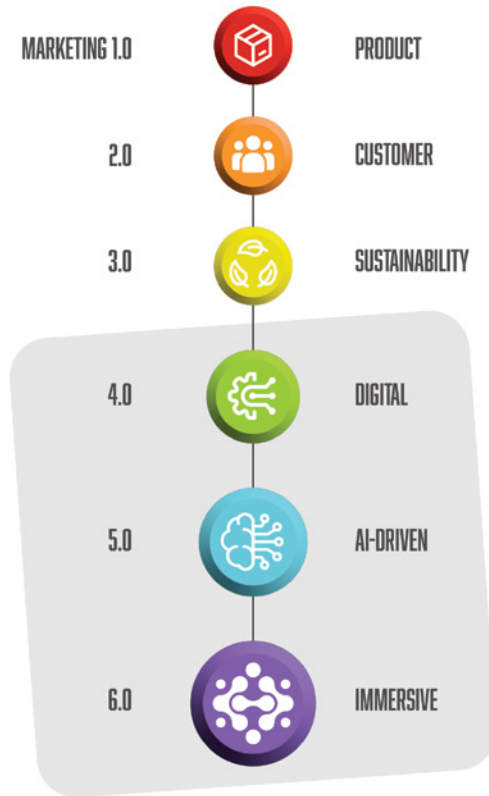


FIGURE 1.1 The Evolution of Marketing.

that transcends the boundaries between the physical and digital worlds, providing an immersive experience where customers perceive no distinction between the two (see Figure 1.1).

Metamarketing as the Next Stage of Omnichannel Marketing

Before the Internet, marketers could only rely on traditional channels such as TV, print publications, and brick-and-mortar stores to interact with customers. Thus, marketing had been about engaging specific market segments through their most commonly consumed media paired with human-to-human interactions. But with the information asymmetry—where customers had limited access to information and interactions with one another—marketers were better positioned to target the customers.

The Internet has given customers more media choices and control over purchasing decisions. They could research products and services online, read reviews, and connect with others on social media. So although marketers were losing some of their power to customers who were gaining power, they also had better access to data—because of more effective AI—resulting in better targeting and accountability. Marketers also have more options to engage customers via social media, search engines, digital displays, and even gaming platforms.

It is not a complete shift from traditional to digital marketing, however. At least not yet. Despite the mainstream use of the Internet and several years of the pandemic, most customers still find the human touch appealing. E-commerce was only approximately 15 percent of total retail sales in the United States in 2022, according to the US Department of Commerce. Euromonitor estimates that e-commerce

penetration is much larger—and the highest globally—in China but still below 30 percent.

As a result, businesses cannot simply switch from traditional to digital marketing. Instead, they have explored ways to utilize both conventional and digital channels. In its 2022 Chief Marketing Officer (CMO) Survey in North America and Europe, Gartner estimated that 56 percent of the marketing budget was spent on digital while the rest was still allocated to offline channels.

Thus, two of the most popular marketing concepts in recent years are multichannel and omnichannel. Both have become crucial in providing a convenient customer experience, allowing companies to engage with their target audience online and offline. They also reflect the ongoing trend of traditional and digital marketing convergence, as discussed in the books *Marketing 4.0* and *Marketing 5.0*.

Multichannel marketing is a strategy where a company uses multiple channels to promote its products or services. These channels may include a mix of traditional and digital media. The goal is to increase a brand's visibility and reach a wider audience. Still, each medium is often used independently, with different messaging and objectives. The assumption is that traditional and digital customers go through separate journeys, and businesses must interact with them with two different customer experiences.

As a case in point, a beverage company could use multichannel marketing to target older and younger generations. It might use TV ads during daytime and evening programs to target older audiences with messaging focused on health benefits. For a younger audience, the company

could use Instagram with messaging around trendy flavors and convenience.

In recent years, however, marketers realized that modern customers often interact with businesses online and offline in a single marketing funnel. Moreover, online and offline channels sometimes complement more than substitute. For example, in the automotive sector, online channels are effective for search and product discovery but less for product evaluations and purchases. That is where omnichannel marketing comes in.

Omnichannel marketing is a more integrated approach where a company creates a seamless customer experience across all channels. Customers can interact with the brand through any channel, such as a physical store, social media, website, or mobile app, and receive a consistent message and experience. Each channel can play a different role in driving customers throughout the entire path to purchase.

For example, consider how webrooming compares to showrooming. In a webrooming scenario, a customer researches products online before purchasing in a physical store. Take, for instance, consumer electronics. A customer might explore a new smartphone or laptop online before going to a physical store to evaluate the product in person and make a final decision. In this case, online media play a significant role at the top of the funnel, while the offline channel is at the bottom of the marketing funnel.

However, in the showrooming scenario, the role of traditional and digital media is reversed. In fashion retailing, for example, customers often visit physical stores to try on clothing and see how it fits before purchasing online for

better prices and complete colorways. The media mix is traditional on the upper funnel and digital at the bottom.

Marketers consider omnichannel marketing a step up from the multichannel approach because it enables businesses to create a seamless customer journey, regardless of how customers interact with the brand. By understanding the roles that different channels play in the path to purchase, businesses can provide a consistent message and experience across all channels and better serve their customers. This, in turn, can improve their overall marketing efforts and increase customer loyalty.

As marketing continues to evolve, we are looking beyond omnichannel marketing to a new approach called metamarketing. Metamarketing takes a step beyond omnichannel by providing an interactive and immersive approach to delivering customer experience. Like multichannel and omnichannel marketing, metamarketing is about unifying physical and digital customer experience.

While multichannel marketing provides customers with online and offline channels based on their preferences, and omnichannel marketing integrates physical and digital touchpoints for a seamless experience, metamarketing strives to create a fully immersive customer journey (see Figure 1.2). It involves delivering digital experiences in physical spaces or providing real-life experiences in virtual environments—realizing the ultimate convergence of the physical and digital realms. Although still a relatively new concept, metamarketing shows great potential for businesses seeking to stay ahead of the curve.

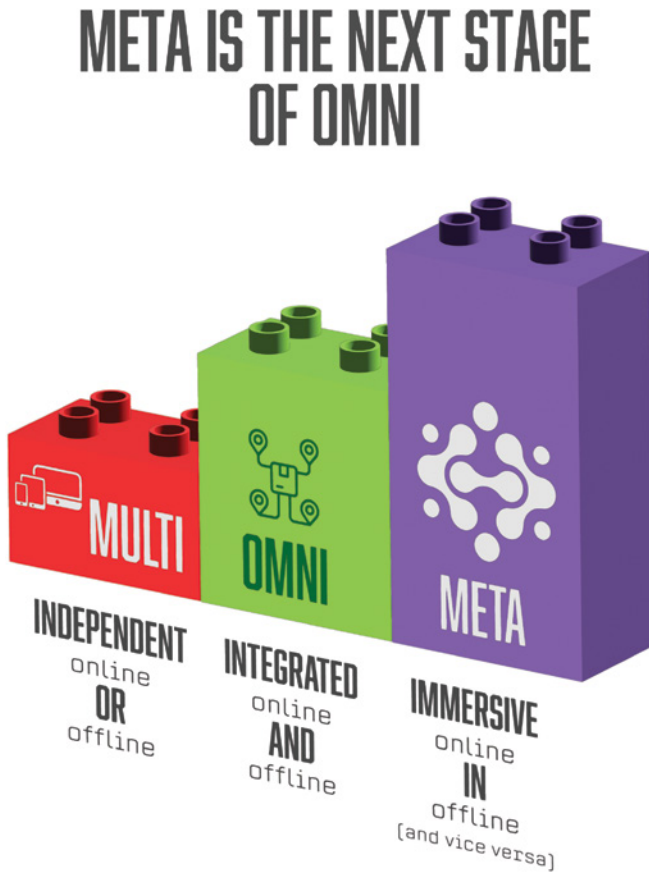


FIGURE 1.2 The Traditional and Digital Marketing Convergence.

The Building Blocks of Marketing 6.0

Marketing 6.0, or metamarketing, covers a range of strategies and tactics that enable companies to deliver immersive experiences across physical and digital media. To achieve this, Marketing 6.0 relies on several essential building blocks organized into three distinct layers.

The first layer, which serves as the foundation, comprises technological enablers that blend physical and digital

experiences. These technologies provide the groundwork for the second layer, which consists of two distinct environments: extended realities and metaverses. Extended realities refer to digitally augmented physical spaces, while metaverses are virtual worlds that offer experiences closely resembling real life. Lastly, the third and top layer encompasses customer-facing experiences, characterized by multi-sensory engagement (involving all five senses), spatial (3D) digital experiences, and marketing within metaverses (virtual worlds) (see Figure 1.3).



FIGURE 1.3 The Building Blocks of Marketing 6.0.

The Enabler Layer

Marketing 6.0 is powered by five advanced technologies increasingly adopted by businesses across sectors (explored more in Chapter 5).

- **The Internet of Things (IoT)**

IoT refers to interconnected sensors that capture real-time data from the physical environment and transform it into valuable digital information for marketers. For example, IoT technology can detect customers' movements in retail stores. This enables retailers to deliver in-app promotion notifications instantly, triggered by shoppers as they stroll down specific store aisles. By leveraging IoT, businesses can enhance their marketing strategies by utilizing timely and location-based customer engagement.

- **Artificial Intelligence (AI)**

Artificial intelligence (AI) refers to the ability of computers to replicate human cognitive skills. This technology empowers marketers to deliver personalized one-to-one marketing strategies. The remarkable advantage of AI lies in its real-time capabilities, constantly capturing data from IoT sources to learn about customers' preferences and behaviors, enabling marketers to instantly offer the most relevant products or content tailored to each individual's needs.

- **Spatial Computing**

Spatial computing involves a set of technologies that facilitate digital interaction in physical space. Its application

in retail stores, such as implementing smart fitting rooms, enhances the shopping experience by offering customers interactivity and immersion. These smart fitting rooms can instantly identify the clothing items customers bring in, provide personalized styling recommendations, and enable virtual try-on. Spatial computing is pivotal in allowing this unique fusion of digital and physical experiences.

- **AR and VR**

AR and VR technologies are revolutionizing how we engage with digital content. AR provides customers an interactive and immersive experience by enabling them to explore products virtually and visualize how they appear and function in real-life environments. For example, customers can try on shoes virtually to see how they would look on their feet. On the other hand, VR is utilized for practical training purposes, such as training customer service representatives through hands-on simulations and scenarios.

- **Blockchain**

Blockchain is a groundbreaking technology that paves the way for a decentralized Internet. It empowers content creators to have ownership over the content they produce, eliminating the reliance on centralized social media platforms. This technology serves as the foundation for community-driven metaverses, where content and governance are owned and controlled by a community of users. With blockchain, metaverses can establish robust economies, complete with their own currency and commerce systems for seamless virtual goods transactions.

The Environment Layer

Marketing 6.0 revolves around creating immersive environments in both the physical and digital realms. While physical spaces will continue to be the primary avenue for delivering customer experiences, businesses must reimagine these spaces by incorporating digital experiences to ensure their future relevance. We refer to these digitally enhanced physical spaces as “extended realities,” acknowledging the XR technologies that enable such augmentation.

Digital technologies bring a new level of immersion to physical spaces, allowing companies to streamline transactions and provide quick, seamless checkouts similar to e-commerce sites. Additionally, these technologies enable more personalized engagements through interactive displays. Marketers can engage shoppers with multiple screens displaying customized recommendations and interactive touchscreen capabilities.

Furthermore, digital technologies allow customers to discover products in novel ways, transforming in-store research into an engaging experience. One approach involves the use of mobile apps equipped with in-store modes. These apps enable customers to scan QR codes next to each product, granting them access to comprehensive information and details about the products. A detailed exploration of these digital enhancements will be presented in Chapter 6.

In Marketing 6.0, we also delve into the exploration of the metaverse. The metaverse refers to fully functional virtual worlds that bear similarities to the real world. Avatars represent individuals, and virtual assets resemble physical objects

within these virtual environments. The metaverse is considered the latest form of social media, attracting the attention and engagement of Generation Z and Generation Alpha.

The metaverse can be categorized into two distinct types: decentralized and centralized. Decentralized metaverses operate under the governance of a community of users connected through blockchain technology. On the other hand, centralized metaverses are managed by a single entity. While doubts and skepticism continue to exist, particularly surrounding the decentralized metaverse, its potential to transform how businesses provide immersive customer experiences should not be underestimated.

The Experience Layer

In the Marketing 6.0 era, marketers can provide three distinct types of experiences, which we explore in-depth in Chapters 8–10. The first type is the multisensory marketing experience. Engaging customers' five senses through multisensory marketing can be a powerful tool to evoke positive emotions and influence behavior. Companies such as Starbucks have been leveraging this approach for years, with visually appealing stores, music playlists, signature coffee smells and tastes, and comfortable seating and cups.

However, with the rise of digital media, multisensory marketing is often limited to the two most dominant senses: sight and sound. While multisensory XR technology can include olfactory and haptic (sense of touch) stimuli, it is not yet mainstream.